



INFORMATION GUIDE

PROPERTY TAX EXEMPTIONS

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Explanation in Red.

What type of real property exemptions are allowed?

The following property shall be exempt from property taxation:

- ◆ Property owned by the state and its governmental subdivisions that is used or being developed for use for a public purpose;
- ◆ Property owned by and used exclusively for agricultural and horticultural societies; and,
- ◆ Property owned by educational, religious, charitable, or cemetery organizations, or any organization for the exclusive benefit of any such educational, religious, charitable, or cemetery purposes, and used exclusively for those purposes.

What if the property is owned by the state or one of its governmental subdivisions?

Property owned by the state or its governmental subdivisions that is used or being developed for use for a public purpose is automatically exempt from property taxation. Property owned by the state or its governmental subdivisions that is not being used or developed for use for a public purpose, shall be subject to property taxes.

What is the definition of public purpose?

Public purpose means that the property is being used to provide public services with or without cost to the recipient or to perform responsibilities required by law. Examples of public services are: general operations of government, public education, public safety, transportation, public works, civil and criminal justice, public health and welfare, developments by a public housing agency, parks, culture, recreation, community development, and cemeteries.

Public purpose does not include leasing of property to a private party unless the lease of the property is at fair market value and the property is being used for a public purpose.

Does the state or one of its governmental subdivisions have to apply for an exemption?

No. However, the state and each governmental subdivision must report its leased property to the assessor by January 31 of each year, either by providing the assessor with a copy of a new lease, or preexisting lease that has been materially changed in the previous year, and a list of previously reported leases that are still in effect. To tax governmentally owned property, the assessor must determine that the property is not being used for a public purpose and, on or before March 1 of each year, send the governmental entity a notice of intent to tax. If the property is leased by the governmental entity to a non-governmental entity, and the governmental entity does not intend to pay the taxes for the lessee, the governmental entity must immediately forward the notice to the lessee.

What if the state or a governmental subdivision disagrees with the assessor's intent to tax the property?

If a governmental entity, disagrees with the assessor's intent to tax the property, a protest of assessor's determination may be filed with the county board of equalization before April 1. In the case of leased property, the lessee may also protest the taxability of the property. The county board must hear and decide the protest on or before May 1.

If the governmental entity or the lessee is dissatisfied with the decision of the county board of equalization, that decision may be appealed to the Nebraska Tax Equalization and Review Commission on or before June 1.

If governmentally owned property is taxable, what happens?

Taxable governmentally owned property should be valued like any other taxable property. The assessor should issue a valuation notice for the property on or before June 1. The valuation notice should go to the governmental entity and lessee if the property is leased. The value may be protested to the county board of equalization on or before June 30 in the same manner as for any other property. If a protest is filed, the county board of equalization must hear and decide the protest on or before July 25. A valuation protest for governmentally owned property should deal with the value of the property only and is not a mechanism for a second look at whether the property is taxable. If the governmental entity disagrees with the decision of the county board of equalization, it may appeal the valuation to the Nebraska Tax Equalization and Review Commission on or before August 24.

Who pays the tax on the property of the state or one of its governmental subdivisions?

If the property is not leased, then the governmental entity pays the tax. If the property is leased, the lessee pays the tax unless the governmental entity voluntarily pays the tax and then collects the tax from the leaseholder as part of the rent.

What criteria must be met for educational, religious, charitable, and cemetery organizations to qualify for the exemption?

To qualify for a permissive exemption the property must meet **all five** of the following criteria:

- ◆ Be **owned** by educational, religious, charitable, or cemetery organizations, or any organization for the exclusive benefit of any such educational, religious, charitable, or cemetery organization;
- ◆ Be **used exclusively** for educational, religious, charitable, or cemetery purposes;
- ◆ **Not** be owned or used for **financial gain or profit** to either the owner or user;
- ◆ **Not** be used for the sale of **alcoholic liquors** for more than 20 hours per week; and
- ◆ **Not** be owned or used by an organization which **discriminates** in membership or employment based on race, color, or national origin.

What is the filing date for an application/statement of reaffirmation for a permissive exemption?

An educational, religious, charitable, or cemetery organization or society, or agricultural and horticultural society must file for exemption with the assessor on or before December 31 of the year preceding the year for which exemption is sought. All organizations and societies must file an Exemption Application, Form 451, every four years, the first year in each period is known as the application year, intervening years require completion of the Statement of Reaffirmation of Tax Exemption, Form 451A.

Exemptions granted to cemetery organizations shall remain in effect without reapplication unless disqualified by change in ownership or use.

What does exclusive use mean?

Exclusive use shall mean the predominant or primary use of the property. Occasional or incidental use of the property for other purposes will not disqualify the property for an exemption. The property may be used solely or in a combination of educational, religious, charitable or cemetery uses to qualify for the exemption. Exemptions will be allowed to portions of a property used for exempt purposes.

What if an organization purchases or converts property to exempt use after January 1 and on or before ~~August 1~~ July 1?

August 1 date changed to July 1. See LB 708, 2010, operative date January 1, 2011. [Neb. Rev. Stat. § 77-202.03\(3\)\(a\)](#)

An exempt organization that purchases or converts any property to an exempt use after January 1 and before July 1 of any year, may file an exemption application by July 1. The review of the exemption application by the county board of equalization must be completed by August 15. Failure to file the application on or before ~~August 1~~ July 1 disqualifies the property from receiving the exemption for that tax year.

What if an organization purchases or converts taxable property to exempt use after ~~August~~ **July 1**?

August 1 date changed to July 1. See LB 708, 2010, operative date January 1, 2011.
[Neb. Rev. Stat. § 77-202.03\(3\)\(a\)](#)

All property purchased or converted to exempt use after ~~August 1~~ **July 1** will not be granted an exemption for that tax year. The organization may file an exemption application by December 31 to apply for an exemption in the following tax years.

When are the application years?

Application years are divisible by four. For example: 2008; 2012; 2016; etc.

Will late applications/reaffirmation statements be accepted?

Organizations or societies missing the December 31 filing deadline may file applications/reaffirmation statements through June 30. The organization or society filing a late application shall also file in writing a request with the county board of equalization for a waiver so that the assessor may consider the application for exemption. Organizations filing late reaffirmation statements on or before June 30 shall maintain the tax-exempt status of the property without further action by the board.

Is there a penalty for late filings of applications/reaffirmation statements?

Yes, for late filings of applications/reaffirmation statements the assessor shall apply a penalty of 10% of the tax that would have been due had the property been fully taxed or \$100, whichever is less, for each calendar month or fraction thereof for which the filing missed the December 31 deadline. This penalty may not be waived or reduced by the county board of equalization.

Failure to file a completed application or reaffirmation statement by June 30 shall constitute a waiver of the exemption for that year.

Month application is filed	Penalty is the lesser of :	
Jan	10% of the tax	\$100
Feb	20% of the tax	\$200
Mar	30% of the tax	\$300
April	40% of the tax	\$400
May	50% of the tax	\$500
June	60% of the tax	\$600

What is the review process for applications/reaffirmation statements?

The assessor examines all applications on or before February 1. The assessor makes a recommendation to the county board of equalization as to the taxable status of the property.

Between February 1 and June 1, the county board of equalization is required to hold a hearing on all applications filed. Notice of the hearing is to be given to the applicant ten days prior to the hearing. Within seven days after the county board of equalization's decision the county clerk shall send a notice to every applicant of the county board of equalization's action. In the case of a late filed application, if a waiver has been granted, the county board of equalization must hear and decide the application by August 15.

The county board of equalization is not required to review the reaffirmation statements unless there is evidence to support the review.

During the year, the assessor or the county board of equalization may review any exemption to determine if it should be continued. This review may be initiated even if the ownership or use of the property has not changed. After a hearing, if the property no longer qualifies for an exemption the property will be placed on the tax list retroactive to January 1 of that year.

What is the appeal process?

Organizations or societies denied exempt status by the county board of equalization may appeal to the Tax Equalization and Review Commission. The appeal must be made within 30 days after the certification of the board's decision. The Tax Commissioner may at his or her discretion intervene in any such appeal.

An assessor may appeal the actions of his or her county board of equalization granting an exemption to the Tax Equalization and Review Commission. An assessor appealing the action of a county board may request the district court appoint an attorney to represent the assessor in the appeal. The Tax Commissioner may at his or her discretion intervene in any such appeal.

The Tax Equalization and Review Commission has the power to review and reverse any decision of the county board of equalization regarding a tax exemption.

What if property is transferred from an exempt entity to another?

When an educational, charitable, religious or cemetery organizations or any organization for the exclusive benefit of any such educational, religious, charitable, or cemetery purposes, or an agricultural and horticultural society purchases between August 1 and levy date, property that was exempt from taxes and the property continues to qualify for exemption, the purchaser shall file an application on or before December 1 with the assessor. The review by the county board of equalization must be completed by December 15.

What if exempt property is transferred to a taxable entity on or before levy date?

When exempt property is transferred before levy date to a taxable entity, it will become taxable for that year because there is taxable property upon which to levy.

What if exempt property is transferred to a taxable entity after levy date?

When exempt property is transferred after levy date to a taxable entity, it will remain exempt for that year because levy was not made on the property.

Is the County Board required to publish a list of all exempt real property each year?

Yes. During the month of September of each year, the county board of equalization shall publish in the general circulation newspaper a list of all real property exempt from property tax for the current tax year.

The list shall contain the exemptions of property in the following categories: (1) Agricultural and horticultural societies; (2) Educational organizations; (3) Religious organizations; (4) Charitable organizations; (5) Cemetery organizations; and (6) any organization for the exclusive benefit of an educational, religious, charitable, or cemetery organization.

For Further Information Contact:

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